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**Macquarie Infrastructure Group**

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CHAIRMAN'S OPENING ADDRESS**

MIG was listed on the Australian Stock Exchange in December, 1996 under the name Infrastructure Trust of Australia Group and raised \$300 million to acquire its initial interests in four toll road projects in Australia.

Today, MIG has around 2.4 billion securities on issue and has a market capitalisation of \$8.8 billion.

Around 40% of MIG securities are held outside Australia and the remaining 60% is held by Australian retail and institutional investors. In total MIG has approximately 59,000 security holders.

As at COB on Friday, MIG ranks in the top 25 companies by market capitalisation on the ASX.

At 30 June 2005, MIG held interests in 13 toll roads across 6 countries, spanning almost 1,000 kilometres and used by over a million motorists on an average workday. As the size and value of MIG's assets has risen, so has the asset backing and the cash available for distributions.

So, since listing, MIG security holders have witnessed a steadily growing business, which I would attribute to sensible investments and very good management of its portfolio of assets.

In this last financial year alone, MIG has completed the disposal of its 40% interest in Cintra, for total consideration of around \$1.7 billion in cash and an additional 13.9% direct stake in the 407ETR toll road. This allowed MIG to make a special distribution to security holders of 70 cents per stapled security, which was paid in February and August 2005 in addition to the regular distributions.

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MIG also sold its stake in Connect M1-A1 (the Yorkshire Link) and realised its interest in Hills Motorway Group, and now holds 2.8% of Transurban Group.

And, of course, the acquisition of a 45% interest in the Chicago Skyway, and the recent acquisition of a 100% economic interest in the Dulles Greenway shows that there are still opportunities for attractive new, value-adding investments.

MIG's business strategy has been consistent throughout its life. There are three points I want to highlight:

- MIG's overall objective has been to invest in, develop, and manage quality assets that are accretive to the portfolio over the long term
- MIG continues to selectively seek new toll road investments that meet our investment criteria
- MIG may selectively divest assets from time to time where rationalisation is in the best interests of security holders.

This strategy is implemented by MIG's own management team and through the world wide resources of Macquarie Bank.

This combination has identified value adding investments, some greenfield and some established. It has found and negotiated good deals around the world and has a world-leading ability to productively manage its portfolio.

I would also emphasise that MIG's management has brought projects in on time and within budget – the imminent opening of the Westlink M7 8 months ahead of schedule being just one example of this.

MIG has a particular focus on toll roads and toll road projects in urban growth corridors, where the rest of the local road network tends to be heavily congested and where traffic on MIG's roads tends to grow faster than GDP.

Superior growth translates into increases in value of the asset.

MIG's assets also benefit from the observation that, as incomes rise, people tend to attach a higher value to their time, which you will note is a focus of our 2005 Annual Report.

Motorists see greater benefit in the time they save by using a free-flowing toll road compared with the slower, more congested non-tolled roads.

Most of MIG's roads allow toll rates to increase at or above the CPI rate. Some have market-based tolling regimes where MIG and its partners set the toll rates which are optimal from a business perspective.

The compounding effects of traffic increases and toll increases produce strong revenue growth.

These are the favourable economics of MIG's business. In addition to this, MIG adds further value by active management of its assets. I would like to stress the ways in which we deliver this value to motorists and securityholders alike.

Whenever possible, MIG will make improvements to the infrastructure itself, for example, to enhance ease of access, remove bottlenecks or improve the inter-link with other roads. This allows additional traffic to use the toll roads.

MIG also promotes technological efficiencies, such as greater use of electronic tolling with the recent introduction of electronic tolling on the Chicago Skyway as one such example. Others are additions to the road such as widenings and extensions. MIG currently has plans to widen the 407 ETR and the Dulles Greenway.

New projects which result in extensions to the term of our concession also increase value.

MIG's customers and investors have benefited from all these influences on value.

In a real sense, the asset sales over the past financial year have realised the value increases from the factors I have described.

As the Cintra example indicates, the owners of MIG securities have received significant distributions from the proceeds of recent asset sales which are a direct result of MIG's active management of its portfolio.

Your Boards and MIG's management intend to continue to develop and follow this business model. We believe that MIG's history demonstrates that it is a successful model that delivers tangible benefits to security holders.

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